

STATE OF TENNESSEE

OFFICE OF THE
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Opinion No. 03-008

Voluntary Capital Contribution For Construction of Public School; Statutory Proration Requirements

QUESTION

If a municipality in Shelby County, which does not operate its own public school system, voluntarily makes a financial capital contribution to assist in defraying the cost of constructing a public school which will serve county school students, including students residing in that municipality, is such a contribution subject to the ADA (average daily attendance) allocation under Tenn. Code Ann. § 49-3-1003?

OPINION

No.

ANALYSIS

Tenn. Code Ann. § 49-3-1003 applies to county school bond proceeds. It does not apply to voluntary capital contributions. School bond proceeds and the county school tax must be shared pro-rata based upon average daily attendance. Tenn. Code Ann. §§ 49-3-315, 49-3-1002. A county must also share fifty percent of the local option sales tax on a prorated basis. Tenn. Code Ann. § 67-6-712(a)(1). In addition, because Tenn. Code Ann. § 49-3-315 applies to “all school revenues for current school operation purposes received from the state, county and other political subdivisions,” it may also capture additional funds for proration, when the funds are going to be used for current school operations purposes. *See* Op. Tenn. Atty. Gen. 95-015 (March 13, 1995).

The statutory proration requirement in Tenn. Code Ann. § 49-3-1003 does not apply to a voluntary contribution such as you describe.

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Requested by:

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